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SITUATION REPORTS

POLAND

dependents of Soviet Embassy employees were being told to leave Poland and the Soviet and Cuban Embassies were warning their nationals to keep away from Polish disturbances. We cannot confirm this report, but we are attempting to verify the evacuation.

Military Activity

several convoys of cargo vehicles en route through kariningrad in the Baltic Military District. These vehicles may represent the start of a mobilization of motor transport units to support an invasion force.

The Soviet Baltic Fleet still has shown no reaction to the Polish crisis. Most of the fleet is in port, and winter training appears to be normal.

We have detected no unusual activity by Polish military forces during the last two weeks. The Air Force has

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Top secret

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engaged in routine training but has been inactive in the last few days, probably due to poor weather. Most of the 51 surface combatants in the Polish Navy are in the Swinoujscie area and do not appear active at this time.

Political Developments

The labor situation in Poland has been unusually calm since the resolution of the dispute with Solidarity late last week. Several ongoing job actions have been resolved, and some other previously planned strikes have been canceled. It is still not clear, however, whether Walesa's call last week for a six-week strike moratorium has gathered much support. A purpose of the party's current propaganda compaign may be to help create a consensus on the need for such a moratorium.

Economic Situation

A senior Polish financial official told last week that Warsaw had only enough hard currency to meet outstanding payments until next February. The Poles, who will need over \$12 billion next year, will attempt to raise \$450-500 million from a consortium of Western banks in the first quarter of 1981, but the banks will react unfavorably to the request.

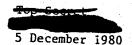
Although the party continues to make pledges to restore economic equilibrium, the regime still has no workable plan for dealing with Poland's disastrous economic situation.

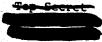
Polish Comments on Soviet Intervention

Polish officials have generally dismissed speculation about the possibility of a Soviet military intervention as highly exaggerated. Polish radio yesterday refuted many of the rumors and news stories that have appeared recently in the Western press about the possibility of Soviet military intervention. The report cited the recently established temporary restricted areas in East Germany, reports of maneuvers, and stories of mobilization. Polish officials probably hope that the radio reports will encourage restraint among listeners.

Jozef Klasa, the Central Committee official responsible for the Polish media, in answering a question from

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a Western correspondent did not rule out a Polish request for Soviet assistance, but indicated that he thought it very unlikely. Klasa said Polish Communists would ask for assistance "only" when authority has slipped into "the hands of antisocialist elements."

Soviet Commentary

The Soviet media remain upbeat in their coverage of Kania's remarks and the decisions reached at the plenum in Warsaw while stepping up their attacks on Western "interference" in Poland's internal affairs. A Soviet Foreign Ministry spokesman has reiterated that Soviet troops stationed along the Polish border are engaged only in "rcutine activities" and has insisted that "no Soviet reservists" have been mobilized in that area.

